

Research Bulletin

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Benefits of Business Process Reengineering are Obscured by Marketplace Confusion

BPR is undoubtedly important to the BI community as BPR projects in almost all cases lead on to IT projects, and in many cases are one in the same thing. Whilst there are many BPR converts preaching to the potential client base, vendors of BPR must be aware of the dangers of devaluing BPR through injudicious and inappropriate use.

The term Business Process Reengineering (BPR) has now been a common part of business terminology for almost five years. Although as jargon and as a concept many people are familiar with BPR, there is still widespread confusion as to exactly what it is, what it means to vendors of integration services, and what it can deliver.

This bulletin traces the development of BPR, examines its different flavours, and advises business integration (BI) vendors to adopt a cautious approach towards marketing a BPR capability.

Part of the confusion surrounding BPR is as a result of the very many different flavours of BPR being marketed by professional services vendors. These range from the position that

BPR means radical enterprise-wide change to the view from vendors, such as McKinsey and EDS, that BPR is nothing but a new name for their traditional service offering.

The other element of this confusion stems from the unsubstantiated body of case study evidence available independently to support the claims of BPR, and the unwillingness of BPR vendors to provide illustrations of real business benefit.

Many Different Flavours of BPR

The 1990 Harvard Business Review article, "Don't Automate, Obliterate", by Hammer and Champy, which was the first major public airing of the philosophy behind BPR, put forward three main arguments. BPR was:

- *fundamental*; "why do we do things this way?"
- *radical*; rip it up and start again
- *quantum leap*; continuous improvement is not enough

The “Three R’s”: Re-design; Re-tool; and Re-orchestrate, was a bold, powerful, and highly successful argument which created shock waves throughout the consulting and blue-chip community.

Five years later every professional service has their own version of BPR. These range from the Hammer and Champy lookalikes (Gemini, Coopers & Lybrand’s “Breakpoint BPR”) to the BPR is nothing other than business as usual view (EDS, McKinsey).

These vendors have questioned the feasibility of radical change in large multinational organisations and prefer to propose the evolutionary rather than revolutionary viewpoint.

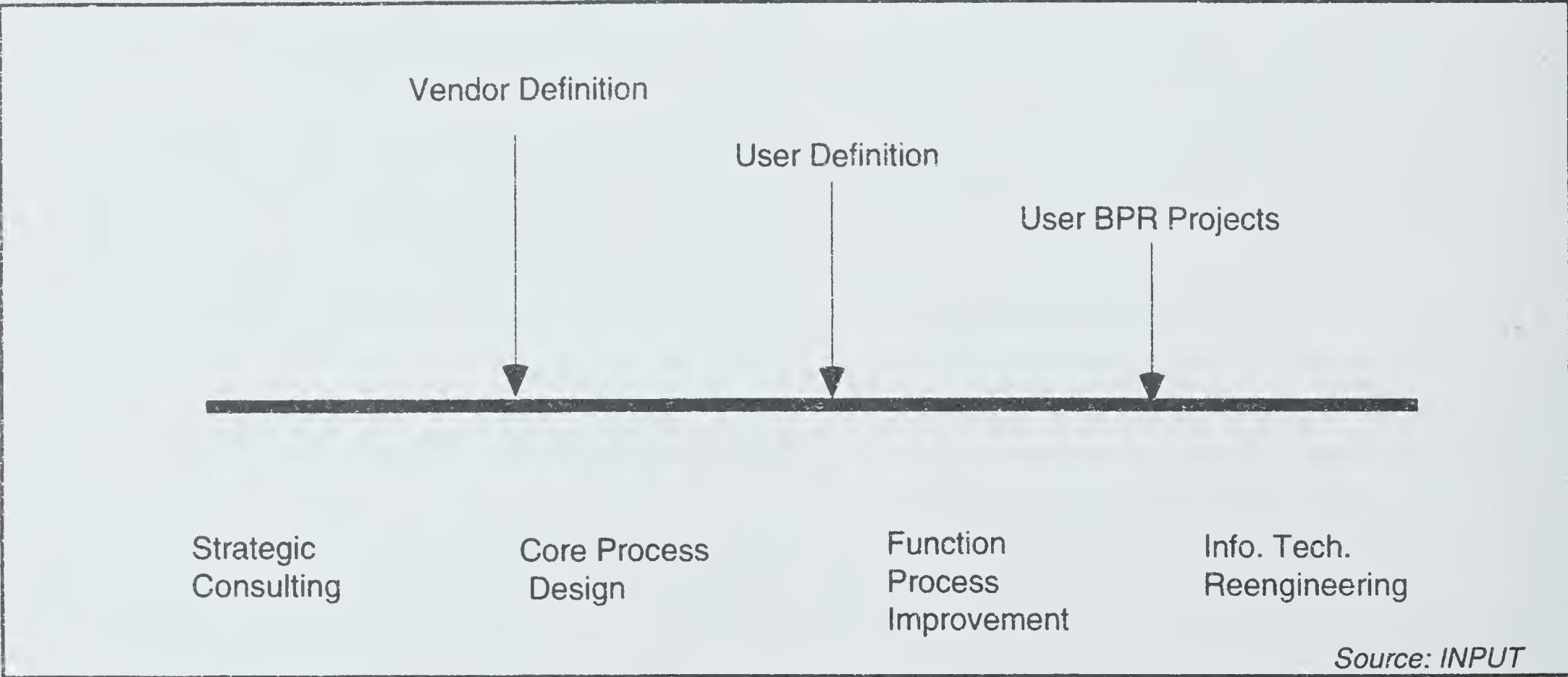
This more sceptical position has been boosted by the emergence of statistics suggesting that 50-70% of re-engineering fails to achieve its stated goals. The BPR evangelists have countered this view in turn by saying that only 5% of so-called BPR assignments are in fact *real* Hammer and Champy defined BPR. The other 95% is just consulting.

Behind the Semantics, Real Issues

Clearly amongst all the confusion and semantics and differences in definition (see Exhibit 1) many companies are engaging in serious thinking about the nature of their enterprise and the markets they trade in. The increasing pace of economic and technological change is forcing companies in many different sectors to address fundamental questions.

Exhibit 1

BPR Definition Gap



In these various changing market conditions BPR has been seized upon as a way of potentially driving the enterprise forward. In the large project services environment, BPR has been recognised as important as all BPR requires significant change in IT; in architectures, platforms, applications and solutions.

Some BI vendors, recognising the importance of these developments, have attempted to position a BPR capability at the head of their service offering. This has been only a partially successful strategy.

BPR is a board-level issue and few BI vendors have board-level access. Indeed in many cases

IT is seen as a key defender of the status quo and hence the problems BPR is attempting to address.

BI vendors struggle to influence the driving issues of BPR from a "top down" view. Few BI vendors are in a position to offer enterprise-wide BPR as a credible service offering. Those who do are inviting incredulity and, at worse, real project disaster.

There is a growing body of evidence supporting the claims of BPR vendors.

However, few of these examples offer enough proof in business-driven, P&L terms, to suggest that the BPR case is proven. BI vendors should readdress the scope of their BPR offering, carefully delineate areas of expertise and competency, and be careful not to devalue BPR and the benefits of BPR to the BI community, by putting forward grandiose unrealistic claims, and promising undeliverable benefits.

This Research Bulletin is issued as part of INPUT's Business Integration Programme—Europe. If you have questions or comments on this bulletin, please call your local INPUT organization or Ben Pring at INPUT, 17 Hill Street, London, W1X 7FB, UK, 44 (0) 71 493 9335.

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